

## Message Text

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73

ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 DODE-00 PM-07 H-03 L-03 PA-03 PRS-01 USIA-15

AGR-20 RSR-01 /198 W

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R 141936Z AUG 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2554

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS PARIS 21943

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: GISCARD GIVES OPTIMISTIC INTERVIEW TO TIME MAGAZINE

1. FINANCE MINISTER VALERY GISCARD D'ESTAING GAVE AN INTERVIEW  
TO THE EUROPEAN EDITION OF TIME MAGAZINE PUBLISHED AUGUST 14.

2. GISCARD EXPRESSED OPTIMISM FOR AGREEMENT ON A COMPLETELY NEW  
INTERNATIONAL MONETARY SYSTEM NEXT SPRING. HE NOTED THAT WHAT  
HE CLAIMED WAS THE U.S. POLICY OF "BENIGN NEGLECT" WAS NOW TERMI-  
NATED AND SAID, "THE U.S. IS READY TO MAKE A CONTRIBUTION TO A NEW  
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INTERNATIONAL MONETARY

SYSTEM. IT SEEMS READY TO ACCEPT THE RAPID RE-ESTABLISHMENT OF DOLLAR CONVERTIBILITY."

3. THE FOLLOWING FURTHER POINTS WERE MADE:

A. ON THE ROLE OF THE DOLLAR: "IT WILL BE THE PRINCIPAL CURRENCY OF INTERNATIONAL TRADE BECAUSE OF THE IMPORTANCE OF THE AMERICAN ECONOMY. BUT IT WILL NO LONGER BE A RESERVE CURRENCY. BANKS WILL HOLD GOLD, SPECIAL DRAWING RIGHTS... AND CURRENCIES.... TO MEET THEIR OBLIGATIONS AT CERTAIN INTERVALS. ALL THE EXCESS RESERVES WILL BE HANDED OVER TO THE IMF."

B. ON MTN: THE U.S. APPROACH WAS "COMPLETELY UNREALISTIC FROM THE START, BECAUSE IT WAS BASED ON A UNEXACT APPRAISAL OF THE FACTS.." HE SATED THE U.S. HAD BLAMED EUROPE FOR ITS TRADE DEFICIT WHEREAS ITS PROBLEM WAS REALLY WITH JAPAN AND CANADA. HE REPEATED HIS PREVIOUS CONTENTION THAT IS WOULD NOT BE POSSIBLE TO DISCUSS TRADE UNTIL " WE KNOW WHAT PARITY THE WORLD SYSTEM WAS MOVING TO, SO AS TO MEASURE OUR COMPETITIVE POSITION."

C. INFLATION: GISCARD CRITICIZED THE EUROPEAN COMMUNITY FOR FAILING TO TAKE MORE COMMON ACTION ON INFLATION. HE EXPRESSLY CRITICIZED BRITAIN, IRELAND AND ITALY FOR REMAINING OUTSIDE THE JOINT FLAT.

D. COMMODITY PRICES: ACCORDING TO TIME GISCARD WANTS A MEETING AMONG THE MAJOR COMMODITY PRODUCING COUNTRIES AND A JOINT LOOK AT HARVEST PROSPECTS FOR 1973/74, "TO PREVENT OVERBIDDING AND DISORDER IN THE MARKET."

E. AGRICULTURE: "WE CAN'T BE AN ENORMOUS OUTLET FOR THE U.S. BECAUSE WE OURSELVES ARE SURPLUS PRODUCERS AND EXPORTING COUNTRIES."

F. GISCARD REPEATED HIS STATEMENTS ON THE NEED TO INFORCE DISCIPLINE ON SURPLUS AS WELL AS DEFICIT COUNTRIES IN A NEW MONETARY SYSTEM AND ON THE CONTINUED IMPORTANCE OF GOLD.STONE

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